

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4681-01  
Bill No.: SB 817  
Subject: Elderly; Property, Real and Personal; Revenue Dept.; Taxation and Revenue -  
Property  
Type: Original  
Date: March 17, 2010

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Bill Summary: Would extend the sunset on the Missouri Homestead Preservation Act.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(More than \$168,550)	(More than \$172,294)	(More than \$174,462)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(More than \$168,550)</b>	<b>(More than \$172,294)</b>	<b>(More than \$174,462)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
General Revenue	2	2	2
<b>Total Estimated Net Effect on FTE</b>	<b>2</b>	<b>2</b>	<b>2</b>

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Office of the Secretary of State (SOS)** stated that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Office of the State Auditor**, the **State Tax Commission**, **St. Louis County**, the **City of Centralia**, and the **City of Kansas City** assume this proposal would have no fiscal impact on their organizations.

Officials from **Cass County** assume this proposal would have little to no fiscal impact since it is currently law and the sunset is being extended.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume there would be no added cost to their organization as a result of this proposal. The Department of Revenue should provide the estimate of ongoing costs to extend the sunset on the Missouri Homestead Preservation Act.

Officials from the **Department of Revenue (DOR)** assume this proposal would extend the Homestead preservation Act.

### **Administrative impact**

DOR officials assume that Collections and Tax Assistance would require one FTE Tax Collection Technician I (Range 10, Step L) for every additional 24,000 contacts annually to the non-delinquent tax line and one FTE Revenue Processing Technician I (Range 10, Step L) for every additional 4,800 contacts annually to the field offices.

ASSUMPTION (continued)

DOR officials provided an estimate of the cost to implement the proposal including two additional employees and the related benefits, equipment, and expenditures totaling \$74,849 for FY 2011, \$84,162 for FY 2012, and \$86,689 for FY 2013.

**Oversight** has, for fiscal note purposes only, changed the starting salary for the additional positions to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight has also adjusted the DOR estimate of equipment and expense costs in accordance with OA budget guidelines. Finally, Oversight assumes that a limited number of additional employees could be accommodated in existing office space.

**Oversight** assumes the DOR estimate of expense and equipment cost for additional FTE could be overstated. If DOR is able to use existing equipment such as desks, file cabinets, chairs, etc., the estimate for equipment for fiscal year 2012 could be reduced by roughly \$5,000 per employee.

IT impact

DOR officials estimated the IT cost to implement the proposal at \$4,452 based on 168 hours of programming to make changes to the individual income tax processing system (MINITS).

**Oversight** assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

ASSUMPTION (continued)

Information provided by the Department of Revenue indicates that utilization of the credit, and therefore its fiscal impact have fluctuated over recent years.

<b>Year</b>	<b>Claims Filed</b>	<b>Qualified Filers</b>	<b>Average Payout</b>	<b>Total Amount of Credits</b>
2005	26,084	18,069	\$162	\$2,927,750
2006	6,950	4,826	\$213	\$1,031,017
2007	10,319	1,650	\$53	\$87,919
2008	13,318	11,011	\$222	\$2,451,145
2009	5,669	4,123	\$196	\$809,803

**Oversight** assumes that changes to the program and to other property tax relief programs such as the Missouri Property Tax Credit account for these fluctuations. For fiscal note purposes, Oversight will indicate an amount in excess of \$100,000 per year for the program cost.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>GENERAL REVENUE FUND</b>			
Cost - Department of Revenue			
Salaries (2 FTE)	(\$37,800)	(\$46,721)	(\$48,122)
Benefits	(\$19,822)	(\$24,500)	(\$25,235)
Equipment and expense	(\$10,928)	(\$1,073)	(\$1,105)
Total	(\$68,550)	(\$72,294)	(\$74,462)
Program payments	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b>(More than \$168,550)</b>	<b>(More than \$172,294)</b>	<b>(More than \$174,462)</b>
Estimated net FTE impact on General Revenue Fund	2	2	2
 <u>FISCAL IMPACT - Local Government</u>	 FY 2011 (10 Mo.)	 FY 2012	 FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

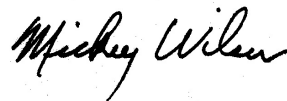
FISCAL DESCRIPTION

The proposed legislation would extend the sunset on the Missouri Homestead Preservation Act.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State  
Office of the State Auditor  
Office of Administration  
    Division of Budget and Planning  
Department of Revenue  
State Tax Commission  
Cass County  
St. Louis County  
City of Centralia  
City of Kansas City

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
March 17, 2010